

P-407/CP-91-373 ORDER APPROVING RATES FOR POLLING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for
Extended Area Service Between
the Hallock and the Kennedy
Exchanges

ISSUE DATE: July 6, 1992

DOCKET NO. P-407/CP-91-373

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PROCEDURAL HISTORY

On December 10, 1990, subscribers in the Hallock and Kennedy exchanges of GTE Minnesota (GTE) filed petitions for extended area service (EAS) between each other. The petition from Hallock for EAS to Kennedy was assigned Docket No. P-407/CP-90-1078. The petition from Kennedy for EAS to Hallock was assigned Docket No. P-407/CP-91-373.

On July 3, 1991, GTE filed traffic studies for both dockets.

On July 16, 1991, the Minnesota Department of Public Service (the Department) filed a letter applying the adjacency and traffic criteria of the 1990 EAS law to these two dockets.

On January 30, 1992, the Commission issued an Order denying the Hallock petition (Docket No. P-407/CP-90-1078) for lack of sufficient traffic and requiring GTE to file cost studies and proposed rates for the Kennedy to Hallock EAS route, Docket No. P-407/CP-91-373.

On March 4, 1992, GTE filed the required information.

On April 17, 1992, the Department filed its report and recommendation.

On June 2, 1992, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

In this Order, the Commission will set the EAS rates that will appear on the ballots issued to Kennedy subscribers to determine whether the statutorily required number of Kennedy subscribers supports installation of EAS between Kennedy and Hallock. In so doing, four issues warrant comment.

1. Traffic Data: GTE submitted proposed rates based on nine of the 11 months of traffic data it submitted earlier to establish that the Kennedy-Hallock route met the traffic criterion. The Commission agrees with the Department that this amount of data is sufficient to develop rates.
2. Calculation of required investment: GTE proposed rates adequate to allow a level of investment adequate to accommodate growth calculated using a stimulation factor of five. The Commission agrees with the Department that this stimulation factor and the level of investment based on it are appropriate.
3. Apportionment of EAS Costs: The EAS statute divides EAS petitions into two groups: petitions for EAS to the metropolitan calling area and all other EAS petitions. For petitions to the metropolitan calling area the statute mandates that the petitioning exchange rates defray 75% of the costs of providing EAS. For other petitions, however, the statute leaves to the sound discretion of the Commission what percentage (between 50 and 75%) of EAS costs the petitioning exchange will be required to defray in its rates.

Minn. Stat. § 237.161, subd. 3 (a) (1990) states in pertinent part:

When the proposed extended service area is not the metropolitan calling area, the commission shall determine the apportionment of costs, provided that between 50 and 75 percent of the costs must be allocated to the petitioning exchange.

In this case, the Commission finds it appropriate to allocate 50 percent to both the petitioning exchange (Kennedy) and the petitioned exchange (Hallock). The school districts for both exchanges have led the request for EAS, indicating a strong community of interest. Likewise, both exchanges petitioned for EAS to each other, indicating a mutual desire for EAS between the two exchanges.

4. Exclusion of USWC Revenues: In calculating EAS rates, the Commission must maintain the income neutrality of "affected

telephone companies." Minn. Stat. § 237.161, subd. 1 (1990). Under the plain meaning of that statute read in its entirety, GTE which serves as the local exchange company for both exchanges is an "affected telephone company" and U S West Communications, Inc. (USWC) is not because it serves only as the interexchange carrier (IXC) for these exchanges. Therefore, the Commission will adopt EAS rates for polling Kennedy subscribers that maintain the income neutrality of GTE without assuming Kennedy's continued receipt of toll contribution from USWC.

The analysis of Minn. Stat. § 237.161, subd. 1 (1990) supporting the Commission's decision on this point is set forth in Hokah, Northfield, and Cannon Falls EAS Petitions, Docket Nos. P-421/CP-87-352; P-407, 421/CP-87-216; and P-401/CP-89-951, ORDER DETERMINING THE STATUS OF INTEREXCHANGE CARRIERS UNDER MINN. STAT. § 237.161, SUBD. 3 (B) (1990) (November 21, 1991) and ORDER DENYING THE DEPARTMENT'S PETITION FOR RECONSIDERATION (January 29, 1992). See also In the Matter of the Petition of Certain Subscribers in the Winnebago Exchange for Extended Area Service to the Blue Earth Exchange, Docket No. P-403/CP-89-930, ORDER ADOPTING RATES FOR POLLING (July 2, 1992).

ORDER

1. The Commission hereby adopts for polling extended area service (EAS) rates for the petitioning Kennedy exchange that
 - a. maintain GTE Minnesota (GTE) income neutral without taking into account USWC's toll contribution to Kennedy;
 - b. absorb 50% of the costs of providing the proposed EAS; and
 - c. comply with Minn. Stat. § 237.161 (1990) in all other respects as well.

Those rates are:

KENNEDY		HALLOCK	
<u>Residential</u>	<u>Business</u>	<u>Residential</u>	<u>Business</u>
\$6.40	\$12.80	\$1.80	\$3.60

2. Commission Staff is hereby authorized to begin the balloting with the Commission's contractor.

3. GTE shall cooperate fully with Commission Staff and Commission contractors to expedite the polling of Kennedy subscribers. As part of this cooperation, GTE shall provide Commission Staff upon request with a customer list for the Kennedy exchange and associated information in a timely fashion.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)